

DEVELOPMENT ZONES



DETROIT EMPOWERMENT ZONE

The City of Detroit was awarded an Empowerment Zone designation in December 1994. The Empowerment Zone is a Federal government initiative (Federal Omnibus Reconciliation Act of 1993) to spur economic development in designated distressed areas (by census tract). Detroit's application for the empowerment zone entitled "Jumpstart the Motor City" was a result of a cooperative and comprehensive participatory strategic planning process which included significant community representation, as well as business, government, educational and religious communities. The term of the program is ten years.

The Zone is made up of an area of 18.35 square miles (total land area must be less than 20 square miles) encompassing three distinct neighborhoods- Southwest Detroit, the Woodward Corridor and the Eastside. The zone was carefully drawn to include disinvested areas of the City in order to achieve the maximum economic development potential. Designation as an Empowerment Zone provided a \$100 million grant, as well as tax benefits for companies located in the Empowerment Zone that employ residents of the Zone. The tax credits allow for up to 20% of the first \$15,000 in wages and training costs for Zone employers who hire residents of the Zone.

The Empowerment Zone programs are administered by the Empowerment Zone Development Corporation and its Board of Directors. The Detroit City Council authorized the creation of the Corporation by ordinance in 1995.

The Goals, Measures, Benchmarks and Actions Steps (GMBAS), outlined in the Empowerment Zone application, are as follows:

Creating Economic Opportunity:

1. To assist community-based organizations, businesses and entrepreneurs to gain access to capital resources and technical assistance.
2. To strengthen the business and technology base of the Zone to spur economic growth.
3. To link residents to jobs and expand the labor force by providing pre-training and training programs for skilled, competitive and upwardly mobile employees.
4. To increase international trade and tourism within the zone, focusing upon regional cooperation.

Sustaining Competent, Healthy, Safe Families:

1. To follow a comprehensive community policing plan and empower community-based organizations.
2. To integrate multi-agency and jurisdictional initiatives and decentralize public safety-related services in the Zone.
3. To promote and support community-based programs designed to reduce crime and violence.
4. To design and initiate a coordinated health and human services system supportive of the development and preservation of strong and healthy families.
5. To build on existing community programs that promote the empowerment and stabilization of families and individuals and support their efforts to become and remain

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productive, engaged members of the community.

6. To improve the quality of learning in the classroom, community and work place, including entrepreneurial education at each level.
7. To integrate technology into educational and training programs.
8. To develop programs and partnerships that enhance youth, family and citizen learning.

Restoring and Upgrading Neighborhoods:

1. To preserve and develop affordable housing.
2. To develop quality public housing and tenant opportunity.
3. To create a continuum of housing services for the homeless.
4. To improve the accessibility of public transportation.
5. To beautify Detroit's landscape through creative use of vacant land.
6. To increase reuse of environmentally contaminated land.
7. To improve the quality of recreational facilities and programs.
8. To use environmental technology as an employment generator.

These goals are integrated into the economic development strategy of the City, which focuses its efforts in two areas: to provide an attractive and stable environment that is conducive to business and secondly, to ensure that all its residents have access to opportunities for economic development. The overall Economic Development Program of the City of Detroit seeks to tap into the many programs available, such as the

Empowerment Zone, to achieve the maximum development benefit.

Since receiving designation as a federal Empowerment Zone, Detroit has proceeded with the plans outlined in its application. The One-Stop-Capital-Shop was opened so that entrepreneurs and business people can receive assistance from multiple agencies in one location. At the One-Stop-Capital-Shop, people can receive training and technical assistance from business and financial professionals which will aid them in obtaining start-up or expansion capital.

Status of the Detroit Empowerment Zone

The Empowerment Zone Financial Institutions Consortium commitments currently total more than \$7.4 billion. Lending commitments have been received from a consortium of eleven (11) area financial institutions. In addition, commitments and letters of support were received from forty-four (44) private companies, thirteen (13) foundations, twenty-three (23) community service and business organizations, and 18 community-based organizations. The Mayor's Office of Neighborhood and Commercial Revitalization in conjunction with Empowerment Zone funds has made available \$600,000 in matching Title XX dollars for business façade improvements. The Empowerment Zone Development Corporation also currently operates a \$3,000,000 minor home repair program exclusive to zone residents.

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<i>Development Type</i>	<i>Number of Developments</i>	<i>Estimated Cost of Project (in millions)</i>
Commercial	78	\$210.12
Industrial Manufacturing	40	4,957.93
Office	10	27.46
Public Institutional	28	1,458.73
Residential	390	647.37
Total	546	\$7,301.61
*(Mixed Use)	27	477.24
Total with Mixed Use	573	\$7,778.85

*mixed use total not included in strategic plan

In Southwest Detroit, the Mexicantown Welcome and Retail Center is being developed at the Ambassador Bridge, Detroit's international border crossing; at a project cost of \$12 million.

Currently, there are a total of eighty (80) projects contained in the overall plan. These projects range from job training and neighborhood development, to educational development and self-help programs for special sectors of the Empowerment Zone population. Public and not-for-profit sponsors run the majority of these projects.

Over 1,800 Empowerment Zone residents have received job training, job placement and education. It is reported that 17,000 jobs have been created in the zone as a result of economic development projects. From 1995 to 2000, employment in the Empowerment Zone increased by 15%.

The Empowerment Zone Development Corporation currently has six housing programs available to assist community-based organizations in expediting housing development in the Empowerment Zone. Financing, technical assistance and land acquisition

is the main emphasis of the Corporation. Currently ninety-seven (97) community-based organizations have received technical assistance related to community and economic development.

Human Service Activities

Job skills training programs are being offered by Focus Hope, and Wayne State University. The Warren Conner Development Coalition, All Saints Neighborhood Center, Friends of Parkside and the Detroit Hispanic Development Corporation also provide job skills training. The City of Detroit Recreation Department and Employment and Training Departments provide landscape training and assistance in resume writing and Internet resume services, respectively.

There are thirteen (13) projects designed to address public safety issues and promote violence free communities. A seven - percent reduction in crime in the Empowerment Zone since 1995 is being reported. The Detroit Police Department Community Policing Program and the proposed Emergency Service Center-Southwest (formerly the Public Safety Mall) within the Empowerment Zone are designed to address crime prevention

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with the assistance of other law enforcement agencies.

The Detroit Urban League-Male/Female Responsibility Respect Life- Stop the Violence Program has been established in Empowerment Zone schools and other areas near the Zone with large zone populations. The Detroit Recreation Department initiative "Schools as the Heart of the Community" involves twenty-three (23) schools throughout the Empowerment Zone that serve as Recreational Support Centers. Wayne State University also offers youth and family education services.

The heart of the Empowerment Zone's mission and commitment is the implementation of Human Service initiatives which are designed to improve the quality of life for all Empowerment Zone residents. Projects totaling \$32.5 million have been identified to address this concern. Programs identified offer services to

pregnant women and their young children- early childhood/family development center, parenting and pre-school education, comprehensive early childhood development and school based health centers.

Programs are available to assist the homeless and jobless families. The Great Lakes Center for Independent Living services the handicapped and links public housing to Empowerment Zone programs. Programs are available to assist seniors/elderly in remaining independent or partially independent.

Neighborhood Review Panels have been established in each of the three regions of the Empowerment Zone. The panels consist of residents of the zone that represent their neighborhoods. This represents a true collaborative effort between residents from the community, businesses, Empowerment Zone administrators, board members and City officials.

From: Empowerment Zone Development Corporation
Detroit Planning & Development Department, Empowerment Zone Application
Interim Assessment of the Empowerment Zones and Enterprise Communities

City of Detroit Empowerment Zone

NEIGHBORHOOD ENTERPRISE ZONES

The State of Michigan Public Act No. 147 of 1992 established Neighborhood Enterprise Zones to provide a stimulus for the development of new residential housing and the rehabilitation of existing housing stock in economically distressed communities. The Detroit City Council on October 21, 1992 authorized the use of the Neighborhood Enterprise Zone (NEZ) Act for the City of Detroit.

The NEZ Act allows local government, to designate one or more zones and offer property tax abatements to encourage residential investments and improvements. Within a designated NEZ, the owner, future owner or developer may apply for a NEZ certificate which entitles the residential unit to exemption from ad valorem real property taxes for a period of 12 years. In lieu of payment of the full property tax, the property is assessed a special levy – neighborhood enterprise zone tax. This tax for new construction is equal to the state equalized valuation (SEV), not including the land, times $\frac{1}{2}$ of the statewide average millage rate. For rehabilitated residential structures, the tax is equal to the total millage rate levied by all taxing units within which the rehabilitated structure is located times the SEV, not including the land, for the year prior to the effective date of the certificate.

The NEZ Act does not limit the number of zones a local government unit may have. However, the Act does limit the total area of land a government unit can designate as NEZ. The cumulative area of the zones can be no more than fifteen percent (15%) of the total area of the City. In Detroit, this 15% limit amounts to 20.69 square miles or 13,239. There are limitation provisions for rehabilitated residential structures under the Act. Only existing residential housing facilities with 1 to 8 units with a current or pre-improvement true cash value of \$80,000

or less per unit is eligible for the reduction in taxes under this Act; and the property true cash value must increase upon completion of the rehabilitation.

Another criteria of the Act require that a zone must be compact and contiguous and must contain not less than then (10) platted parcels of land. The Act does not allow for the amendment or the rescinding of a designated zone for three years.

The Detroit City Council adopted in its resolution the following goals, objectives and policies for the NEZ.

- To actively support neighborhood or community based self-help organization engaged in local housing construction, conservation or rehabilitation efforts.
- To stabilize and revitalize neighborhood housing conditions by encouraging the creation of new housing units for moderate and lower income persons.
- To take appropriate actions to influence and facilitate increased private sector involvement in public programs that will propel and sustain City neighborhood-housing stabilization initiatives.
- To take appropriate actions to stimulate increased demand for Detroit housing by all household types by encouraging private market participation to provide housing choices.
- To promote efforts to stabilize and increase the level of home ownership and owner-occupied housing in the City.
- To take appropriate actions to facilitate the providing of an adequate supply and mix of Detroit housing for all household types.

In 1992, some of the first areas designated as Neighborhood Enterprise Zones were Victoria Park, Virginia Park, selected portions of Jefferson-Chalmers and Hubbard-Richard, and some undeveloped sections of Elmwood Park, ANR,

NEIGHBORHOOD ENTERPRISE ZONES

Harbortown and the PIFU area who boundaries were defined as Chalmers and Kercheval, Alter Road and E. Jefferson.

Some of the criteria used to review projects for the NEZ are as follows;

A proposed zone need not demonstrate all the criteria, but should be characterized by a combination of several.

1. The area is designated for new owner-occupied condominium, single- or two-family construction;
2. The area has a concentration of vacant sites;
3. The area is characterized by expansive vacant land and is adjacent to stable or redeveloping neighborhoods;
4. The area is composed of distinctive homes or has distinctive surroundings, including historic (regardless of designation) areas, with scattered vacant, abandoned, rehabilitable structures;
5. The area is composed primarily of residential structures with true cash value of \$60,000 or less per unit where the purpose for designation is the rehabilitation benefits (versus new or infill construction);
6. The area or the proposed infill new construction is or will be a marketable (for example, a neighborhood composed of strong distinctive housing stock but with numerous vacant lots);
7. The area is targeted for redevelopment efforts by the City adopted development plans, providing technical assistance or assigning project staff, appropriating significant funding for public improvements, home rehabilitation or new development;
8. The area is one where the City enters into cooperation with other entities who provide plans, funding, mortgage financing, and evidence of experience and capability to implement housing improvement/construction programs;
9. The area has potential mortgage financing;
10. The area is stable and is composed of smaller homes amendable to expansion which are located on relatively large lots.

Even if an area meets several of the above criteria, designation should not be recommended if:

11. The parcels intended to be improved do not form a compact, contiguous area of 10 parcels or more.
12. If the property value for rehabilitation properties exceeds \$80,000 per unit and the purpose of the designation is not infill but primarily for rehabilitation.
13. An analysis of the area indicates there is little probability that the proposed improvements will generate significant increased in the true cash value and the taxes eligible for abatement.

Neighborhood Enterprise Zone Act Application Process

1. Information from Applicant for Area Designation to P&DD
 - a. Area boundaries proposed for designation
 - b. Number of buildings available to be rehabilitated
 - c. Number of vacant lots available/how many contiguous?
 - d. Evidence of homeowner or developed interest and likelihood of financing

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- e. Form and extent of community involvement in area revitalization
- 2. Analysis of Information by City Departments
 - a. Planning and Development Department to analyze information and comment on conformance to Master Plan and long range goals of City.
 - b. Assessors Office to analyze information for determination of true cash value of property in area and an estimate of increase in true cash value because of improvements likely to be made because of designation.
- 3. Planning & Development Department to analyze proposed designation against review criteria and make recommendation to City Council
- 4. City Council Process for Approval of Area Designation
 - a. Mandatory Public Notice and Hearing
 - b. Approve or disapprove designation by resolution
- 5. Application is made to the State for Individual Neighborhood Enterprise Zone Designation

NEIGHBORHOOD ENTERPRISE ZONES

APPROVED NEZ AREAS AS OF NOVEMBER 2004			
Areas with NEZ Rehab, In-fill, and New Facilities			
	Total acreage available (15% of Detroit acreage):		13,239.00
	Total acreage remaining:		9,124.47
	Percentage of allotted acreage used:		31%
	Percentage of allotted acreage remaining:		69%
Name of N.E.Z.	Date Approved by City Council	Acreage of Each Zone	Acreage Remaining for NEZ Designation
Jefferson-Chalmers	21-Oct-92	341.000	12,898.00
P.I.F.U.	21-Oct-92	64.000	12,834.00
Hubbard-Richard	21-Oct-92	8.000	12,826.00
Victoria Park	21-Oct-92	46.000	12,780.00
Elmwood Park (10c & 10d)	21-Oct-92	8.000	12,772.00
Elmwood Park (Parcel 7)	21-Oct-92	8.000	12,764.00
Virginia Park	21-Oct-92	18.000	12,746.00
Harbortown	21-Oct-92	33.000	12,713.00
Corktown	26-Oct-94	50.400	12,662.60
Westwood Park	3-Jan-96	88.000	12,574.60
Grayhaven	27-Mar-96	33.912	12,540.69
Island View	1-May-96	60.710	12,479.98
Clairpointe Woods of Victoria Park	1-May-96	13.800	12,466.18
Crosswinds (Woodward Place)	17-Jul-96	89.000	12,377.18
Painia Development (Euclid Square)	2-Oct-96	4.270	12,372.91
Emmanuel Community Center Inc.	25-Jun-97	82.060	12,290.85
U-SNAP-BAC	16-Jul-97	63.190	12,227.66
Bagley	9-Sep-98	31.999	12,195.66
Crosswinds (Uptown Row)	9-Sep-98	3.690	12,191.97
Midtown	10-Mar-99	69.523	12,122.45
Graimark	31-Mar-99	101.300	12,021.15
Longacre	8-Sep-99	28.675	11,992.47
Corktown 1999 (C)	10-Nov-99	25.762	11,966.71
Bonnie Bridge Villa	10-Nov-99	0.722	11,965.99
Woodward Seward	12-Jan-00	36.870	11,929.12
Island View Amendment	1-Jul-00	104.230	11,824.89
River Place	9-Nov-00	1.213	11,823.67
West Village	15-Nov-00	87.380	11,736.29
Grinnell Place Lofts	15-Nov-00	1.000	11,735.29
Piety Hill	10-Jan-01	13.181	11,722.11
WDIFCO - Woodmont Estates	24-Jan-01	1.237	11,720.88
East Village	21-Feb-01	104.590	11,616.29
ChalmersHeights	21-Feb-01	129.000	11,487.29

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WDFICO - Prevost Gardens	28-Mar-01	16.699	11,470.59
Woodward/Brush/Hendrie/Ferry	25-Jul-01	22.88	11,447.71
Algonquin (Area A)	17-Sep-01	116.71	11,331.00
Algonquin (Area B)	17-Sep-01	25.740	11,305.26
Woodbridge Estates	19-Sep-01	71.552	11,233.71
3600 Woodward Area	10-Oct-01	4.578	11,229.13
Peterboro-Charlotte	7-Nov-01	17.646	11,211.48
East Ferry Street	28-Nov-01	7.85	11,203.63
Far East Side	18-Sep-02	452.25	10,751.38
Hubbard Farms	23-Oct-02	245.6	10,505.78
Leland Lofts	26-Mar-03	10.764	10,495.02
Jefferson North Park	16-Apr-03	89.917	10,405.10
North Corktown	16-Apr-03	39.61	10,365.49
Oakland-Caniff	16-Apr-03	85.809	10,279.68
New Amsterdam	16-Apr-03	18.02	10,261.66
Oakland-Clay	16-Apr-03	48.33	10,213.33
East Grand Boulevard	30-Apr-03	58.14	10,155.19
Uptown Row	30-Apr-03	3.515	10,151.68
St. Clair	12-Jun-03	0.9072	10,150.77
Stearns Building	2-Jul-03	0.57	10,150.20
Lower Far East Side	23-Jul-03	420.017	9,730.18
Riverfront Towers	26-Nov-03	10.664	9,719.52
Gratiot-McDougall	11-Feb-04	38.246	9,681.27
West Pointe Homes	11-Feb-04	99.985	9,581.29
Briggs	18-Feb-04	58.027	9,523.26
Gratiot Woods	18-Feb-04	189.583	9,333.68
North Woodbridge	25-Feb-04	12.005	9,321.67
Puritan/Lodge/Parkside/Pestoskey	31-Mar-04	83.850	9,237.82
Garden Court Apartments	2-Apr-04	5.363	9,232.46
Belle Harbor Estates	21-Apr-04	13.433	9,219.03
Jefferson/Woodbridge/Franklin	28-Apr-04	10.613	9,208.41
West Town I	12-May-04	37.280	9,171.13
Six Oaks	23-Jun-04	17.048	9,154.08
E & B Brewery Lofts	28-Jul-04	12.767	9,141.32
Pittman Homes	8-Sep-04	14.951	9,126.37
Woodward/Michigan	15-Sep-04	1.895	9,124.47
	Total Acreage Remaining		9,124.47
	Total acreage designated for NEZ Rehab, In-fill, & New Facilities:		4,114.53

THE DETROIT RENAISSANCE ZONE

Renaissance Zones were established under the State of Michigan PA 376 of 1996 to spur economic development in areas defined as distressed under guidelines published by HUD and the Michigan State Housing Development Authority. Renaissance zone designation was awarded for five urban zones, four rural and two closed military facilities.

As per Public Act 376, a city receiving Renaissance Zone designation may create up to 10 distinct non-contiguous “sub-zones”. Each of these sub-zones were eligible for modification of their original conditions including boundary changes, additional years of tax relief and changing of the original start date. Effective January 1, 1997, the City of Detroit designated six sub-zones all of which were characterized as largely industrial, both historically and on predominant present land uses. All six zones were characterized by persistent economic and physical decline with substantial portions of the physical land in the sub-zones owned by the City of Detroit or one of its various authorities, yielding low city tax revenue per acre. These original six sub-zones ranged in size from 67.8 acres to 727.8 acres. These six sub-zones were designated Central City, I-94 Industrial Park, Livernois/Intervale, Lynch Road, Old Packard and South-West Delray.

From 1997 to 2001, Public Act 376 was amended twice by Public Act 98 of 1999 and Public Act 259 of 2000, creating new opportunities for eligible and designated Renaissance Zone communities. The City of Detroit also modified its Renaissance Zone three times during this period.

In 2000, the City designated two new sub-zones: Historic Tiger Stadium and Harridon Terminal and the existing Southwest Delray sub-zone was modified by the addition of 16 acres of land.

In 2001, the City further modified the Renaissance Zone through the addition of the I-75 sub-zone and the modification of the Southwest Delray and I-94 Industrial Park sub-zones by extending the sunset dates of each of these two zones by three years to terminate in 2011.

In 2002, the City again modified its Renaissance Zone through the addition of the Campus Martius sub-zone to bring the City to the maximum allowable number of sub-zones per designated community. The City again modified the I-94 Industrial Park sub-zone by resetting the effective start date of the sub-zone to January 1, 2003.

In 2002, Wayne County, which had been designated a Renaissance Zone community in 1996, with the consent of the City of Detroit, designated four Wayne County Renaissance Zone sub-zones within the City of Detroit. These four sub-zones are known as Atwater, Jefferson Avenue, Michigan Avenue and Woodward Avenue.

Public Act 376 as amended allows for the designation of up to five Renaissance Zones by the Michigan Strategic Fund for projects deemed to be of state-wide importance. Under this clause, the Michigan Strategic Fund in 2001 designated the Marathon Renaissance Zone with the consent of the City of Detroit.

A 2001 amendment to Public Act 376 allowed for the designation by the Michigan Strategic Fund of a single Renaissance Zone with enhanced tax benefits for the stimulation of alternative energy research to be known as the NextEnergy Renaissance Zone. In 2002, the City of Detroit consented to the designation of the NextEnergy Renaissance Zone in Detroit.

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In total, the City of Detroit Renaissance Zone contains ten non-contiguous sub-zones, while Wayne County Renaissance Zone has designated four sub-zones in the City of Detroit and the Michigan Strategic Fund has designated two Renaissance Zones within the City of Detroit. Collectively the three entities have created sixteen geographically distinct zones with Renaissance Zone benefits.

A 1995 inventory of businesses in the city found 266 operating businesses and 3,020 jobs in the Zone; manufacturing and warehousing were most highly represented among those jobs. All areas comprising the Zone have excellent access to major freeways, rail lines, waterways, and airports to support business growth within the city, county, and state.

Estimates are that the Zone development can produce more than 14,000 jobs at maximum build out and contribute more than \$4 million annually in additional income tax revenue alone. The City of Detroit anticipates the development objectives can be substantially accomplished over a 12-year period, the proposed duration of the Detroit Renaissance Zone.

It is abundantly clear that the Renaissance Zone will provide a substantial incentive to stimulate increased job opportunities for Detroit residents and promote the reuse of vastly underutilized land and buildings in areas of the city that otherwise stand little chance of revitalization. For business operators and job seekers alike, Detroit's Renaissance Zone offers excellent prospects for economic expansion and career development.

Some particulars of the Renaissance Zone are: State and local taxes which will be waived for businesses and residents of the

Zone include: Single Business Tax (SBT), Personal Income Tax and the 6-mill State Education Tax. Local taxes, which will be abated, include: Real and Personal Property Tax on operating mills, Local Income Tax and Utility Users Tax. Other taxes, which will be abated, if applicable, include: enterprise zone tax, technology park facilities tax, and neighborhood enterprise zone tax.

Federal taxes will not be waived. State sales taxes, unemployment insurance, social security taxes, and workers' compensation are not waived, as well. Also, Sewer and water fees are not waived due to the fact that they are fees-for-service. All applicable debt millages are not waived.

The provisions of the Renaissance Zone Act and related legislation require an eligible Renaissance zone taxpayer to satisfy certain requirements in order to maintain eligibility for Renaissance Zone tax relief.

A taxpayer must pay all non-abated State, City, County and School taxes when due.

The taxpayer must continue to file all State and local tax returns and personal property tax statements when due.

Residential rental property owners in a Renaissance Zone must file an annual affidavit with the local tax collecting unit in which the property is located indicating that the property is in substantial compliance with all applicable State and local zoning, building, and housing laws, ordinances or codes.

A resident of the Zone must be domiciled in the designated zone for 183 consecutive days in order to have residency status.

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Detroit Renaissance Zone

In April 2002, The Detroit Economic Growth Corporation (DEGC) completed an annual analysis of the City of Detroit Renaissance Zone for the calendar years 1997- 2001. The following is an excerpt from the report:

The individual sub-zones exhibited a wide range of investment activity, from little to no new activity to several large multi-million dollar facilities constructed. From this range of investment activity, observations can be made about success predictors.

The two most successful sub-zones, Delray and Lynch Road, each had large parcels of land available that were controlled by the City of Detroit or developers working closely with the City. Equally important, the City and its developer/investor partners had projects waiting to begin if the right parcel could be found at the right price. These two conditions resulted in the construction of five new manufacturing facilities creating over 1,000 new jobs, covering more than 1,000,000 square feet and with investments exceeding \$60,000,000. Three of these projects were in the exploratory phase with Renaissance Zone designation creating the financial incentive to take them to completion. The other two projects were proposed and completed after the private development market became familiar with the benefits of the Renaissance Zone.

The least successful zones, in terms of investment activity, Central City and Packard had two parcel ownership features in common. Both sub-zones are comprised of many small parcels requiring land assembly with no significant investment plans or opportunities, with one large building covering up to ½ of the total sub-zone area. The City developed

plans to complete acquisition of each of the buildings and then market them for redevelopment. However, in both of these sub-zones, investment has been delayed while ownership of the buildings is contested and the parties claiming ownership begin to formulate their own redevelopment plans.

The Detroit Renaissance Zone Descriptions

Detroit's Renaissance Zone encompasses different sections of the city. The various City, County and State Renaissance Zones and sub-zones exhibit a wide range of land uses and exhibit varying degrees of disinvestments and economic challenges. All share the common trait of being unsuitable for redevelopment absent the tax incentives provided by the Renaissance Zone program. Each Renaissance Zone and sub-zone has had varying degrees of activity and success in stimulating redevelopment. Below is a summary of each Renaissance Zone or sub-zone, followed by a text narrative of each.

Four of the original six sub-zones areas are located on the east side while the other two are on the west side. The original six areas are generally referred to as follows:

(See attachment "A")

City of Detroit Renaissance Zones Subzones

Area 1: Lynch Road

This 116.2 acre site is bounded by Lynch Road and Jordan Street to the south, Van Dyke to the east, Forest Lawn Cemetery to the north and the Grand Trunk Railroad to the west. The site has direct rail access and is located less than one mile west of City Airport, approximately one mile north of Interstate 94, approximately one and one-half miles east of Interstate 75, and approximately five miles south of Interstate 696. The city of Hamtramck is located immediately west of the site.

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Currently, the western portion of the area, which is owned by the Chrysler Corporation, has been re-developed. The central portion of the area, which is also owned by Chrysler, is primarily used for storage purposes, as well. The eastern portion of Area 1 is predominantly residential, with a significant amount of vacant land. The proposed development for this Renaissance Zone area is to be as an industrial park with medium/heavy industrial and light industrial uses. Currently, all 35 acres of available industrial property have been redeveloped with only residential and retail parcels undeveloped. A proposal is currently under review to convert abandoned retail parcels into expansion of an existing industrial facility

Area 2: 1-94 Industrial Park

The 1-94 Industrial Park is a 289.6 acre site located in the east central sector of the City. It is bounded generally by Grinnell and Huber on the north; Edsel Ford Freeway on the south; Van Dyke on the east; and Mt. Elliott on the west. A Conrail line extends through the property in a north-south direction. Currently, the northern and eastern portions of this area are primarily industrial. Over 15 acres of privately held land has been redeveloped for industrial and manufacturing use. The remainder of Area 2 consists of largely vacant residential land. An industrial park with sections designated for distribution, medium/high industrial and light industrial uses is proposed for this area. The City of Detroit petitioned the State of Michigan for a time extension for this sub-zone with the new expiration date being December 31, 2017. Approval is pending.

Area 3: Southwest/Delray

Area 3 is an area of approximately 727.8 acres located in southwest Detroit. It is generally bounded by Fort Street on the north, the Detroit River on the south, West

End Street on the west and Scotten and Clark Streets on the east. The east/west Norfolk/Southern rail line bisects this area. Previously, 20 percent of the land use in Area 3 consists of single family detached housing, and 60 percent of this residential portion contains either vacant structures or vacant land. Fort Street between Summit and Livernois is currently in commercial use. The remaining 75 percent of the land uses in Area 3 are light industrial, medium/heavy manufacturing and distribution. The proposed development for the Southwest/Delray site calls for medium/high manufacturing, high tech office, and a commercial strip along Fort Street. Currently, 50 acres of publicly controlled land has been fully re-developed. A 10-acre privately held parcel is also under redevelopment. A 28-acre publicly held site is in negotiation for development. Arvin-Meritor Automotive Company has completed construction of a new assembly and research and development facility in the zone. Other developments include new manufacturing facilities for Bridgewater Interiors, LeatherWorks and Renaissance Global Logistics.

Area 4: Livernois/Intervale

The Livernois/Intervale area, a 72.9 acre, mixed-use industrial site, is located in the northwest sector of the City of Detroit. It is generally bounded by Lyndon Avenue on the north, Intervale Street on the south, Cloverdale Street on the west and Livernois Avenue on the east. An east/west rail line bisects this industrial site. Present land use in this area is a mix of light industrial and distribution. Initially, 40 percent of the land is vacant; much of which has been designated as a "brownfield". The proposed development for this area is light industrial and distribution. Area 4 has no residential population. Currently, 6-acres of land (2-buildings) have been redeveloped into new

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manufacturing centers with several privately held buildings being re-listed for sale following a long period of inactivity. Public infrastructure improvements—roadways, utilities and streetscapes, have been completed

Area 5: Old Packard Site

Area 5 is a 71.4-acre site located in the east central sector of the City. It is bounded generally by the northern property line of the old Packard facility, a property line running parallel to and immediately west of Farnsworth Street on the south, Canton on the east, and Mt. Elliott on the west. A Conrail line extends through the property in a north-south direction and forms the western boundary adjacent to Trinity Cemetery. This area is currently industrial, consisting of largely the former Packard motor complex, Ludington News Company, Capuchin Ministries, and several smaller industrial and warehousing facilities. Initially, about 75 percent of Area 5 was vacant and/or underutilized. Proposed development for the Old Packard site calls for light industrial and distribution. There is no residential population. Currently, 10 acres of building and land have been reactivated for use by a variety of tenants including manufacturing and bottling.

Area 6: Central City

The Central City area comprises a site of some 67.8 acres that is generally bounded by Milwaukee Avenue on the north, Piquette and the Ford Freeway (I-94) Service Drive on the south, John R. on the west and the Chrysler Freeway (I-75) on the east. Two active rail lines that are utilized by Amtrak and freight users bisect the area, which is adjacent to the New Center Area and located entirely within the Detroit Empowerment Zone. The city's Central Business District is two-and-one-half miles south of Area 6. Current land uses in this area are a mixture of light

industrial and warehouse/distribution. It is estimated that approximately 50 percent of the land and buildings in the Central City area are vacant and/or underutilized. The proposed development for this area is light industrial and distribution. Currently, nominal reinvestment has occurred in an area characterized by significant private ownership of many small parcels by many different parties.

Area 7: Tiger Stadium Zone

In September 2000, The City of Detroit submitted applications to the State of Michigan, to create two new Renaissance Zones and expand the Southwest Delray Zone. The zones were Tiger Stadium and the Harridon Terminal Zones. Also, the Southwest Delray Zone was expanded to include Meridian International. The modified Tiger Stadium Zone boundaries are Michigan Ave-on the south; Cochran Ave-on the west; the Fisher freeway service drive-on the north; and Trumbull Ave-on the east. Currently, the site is still under evaluation for various redevelopment scenarios.

Area 8: Harridon Terminal Zone

The Harridon Terminal sub-zone is a 23.1-acre site bounded by Flora Street on the north, Gates Street on the west, the Fisher Freeway on the south. The owners of the Harridon Terminal are continuing their efforts to market the site for future development.

Area I-75

The I-75 sub-zone is the site of American Axle & Manufacturing; the boundaries are I-75 (Chrysler) freeway to the west and Holbrook Street to the south. American Axle occupied their global headquarters building in 2004 bringing 400 new jobs to Detroit..

THE DETROIT RENAISSANCE ZONE

Campus Martius

The proposed sub-zone is defined by Griswold Street, Michigan Ave and Woodward and is comprised of .55 acres of publicly held property and .53 acres of privately held property. The .55 acre owned by the Downtown Development Authority (DDA) is known as Kennedy Block. The DDA constructed and owns a below-surface parking facility, as well as, air-rights condominium at this site. The DDA has entered into a five-year development agreement with Kern Woodward Associates to market and develop the site, with the DDA retaining final approval of all developments at the site.

Wayne County Renaissance Zone Sub-Zones

Woodward Ave.

This zone is bounded by Gratiot Ave to the south, Woodward Ave to the west, Grand River Ave to the North and Library Street to the east. This 2.17 acres site is owned by the Downtown Development Authority. This site is occupied by a 5-level below grade parking structure, which was complete in 2002. The parking structure was construct in a way that will facilitate the construction of a 20-story retail (five levels), office and hotel (15 story) tower. The tower is estimated to be 800,000 square feet.

Atwater-GM RiverEast

This project is comprised of seven parcels totaling 24.399 acres bounded by Beaubien Street to the west, Franklin Street to the north, Rivard Street to the east and the Detroit River to the south. The proposed project will be developed in a six to eight year period with retail and office space incorporated into an “urban village” design. Also included in this project is residential, hotel and entertainment developments.

Jefferson Ave.

The site of this sub-zone is Tower 500 of the Renaissance Center, which consist of leaseable and non-leaseable space within the tower and all portions of the lobby, garage and building pad areas that are apportioned to and associated with the footprint of the tower. The tower, previously occupied by ANR, has 310,000 square feet under a 30-year master lease. The building will undergo a comprehensive redevelopment that will include repair and modernization of every major system. General Motors invested \$33 million to renovate the tower for lease to EDS which located 1500 workers from other sites in 2004.

Michigan Ave.

The proposed Michigan Ave sub-zone is the site of the vacant Book-Cadillac Hotel; the boundaries are Michigan Ave to the south, Washington Blvd. to the west, State Street to the north and Shelby Street to the east. The site is 1.09 acres and is owned by the Downtown Development Authority (DDA). Floors 22 through 28 of the existing hotel structure will be exempted from the Renaissance Zone designation pending the completion of a condominium designation for these floors.

Michigan Strategic Fund Renaissance Zones

Marathon Ashland

Marathon Ashland Petroleum operates the only oil refinery in the State of Michigan and one of the last remaining Midwest refineries in the far southwest of the City of Detroit. Federal Clean Air Act requirements necessitate significant modifications to existing facilities to substantially reduce emissions and pollutants from the facility. Costs associated with the modifications were of such magnitude that Marathon Ashland Petroleum strongly considered the closure of the facility. Marathon Ashland

THE DETROIT RENAISSANCE ZONE

Petroleum planned to offset facility upgrade costs through elimination of the state Single Business Tax via the Renaissance Zone. The Michigan Strategic Fund requested the City of Detroit consent to the designation of the facility as a Renaissance Zone to prevent the closure of the facility and to prevent the creation of an enormous brownfield with significant remediation costs. The City of Detroit consented to the designation only with the provision that Marathon Ashland Petroleum provide an annual payment of \$1.5 million via a Service Agreement to reimburse the City of Detroit for municipal services provided to the refinery, especially police and specialized fire protection. This annual payment ensured City revenue lost to real and personal property tax abatement through the Renaissance Zone program was replaced to mitigate any adverse financial impacts on the City of Detroit.

The NextEnergy Renaissance Zone provides additional State of Michigan tax incentives for companies engaged in alternative energy research and development such as cash rebates of the State Single Business tax that is normally waived under the Renaissance Zone program among others. These significantly enhanced State level benefits have no impact on local tax abatements and provide further incentive for research and development firms to locate within the

NextEnergy

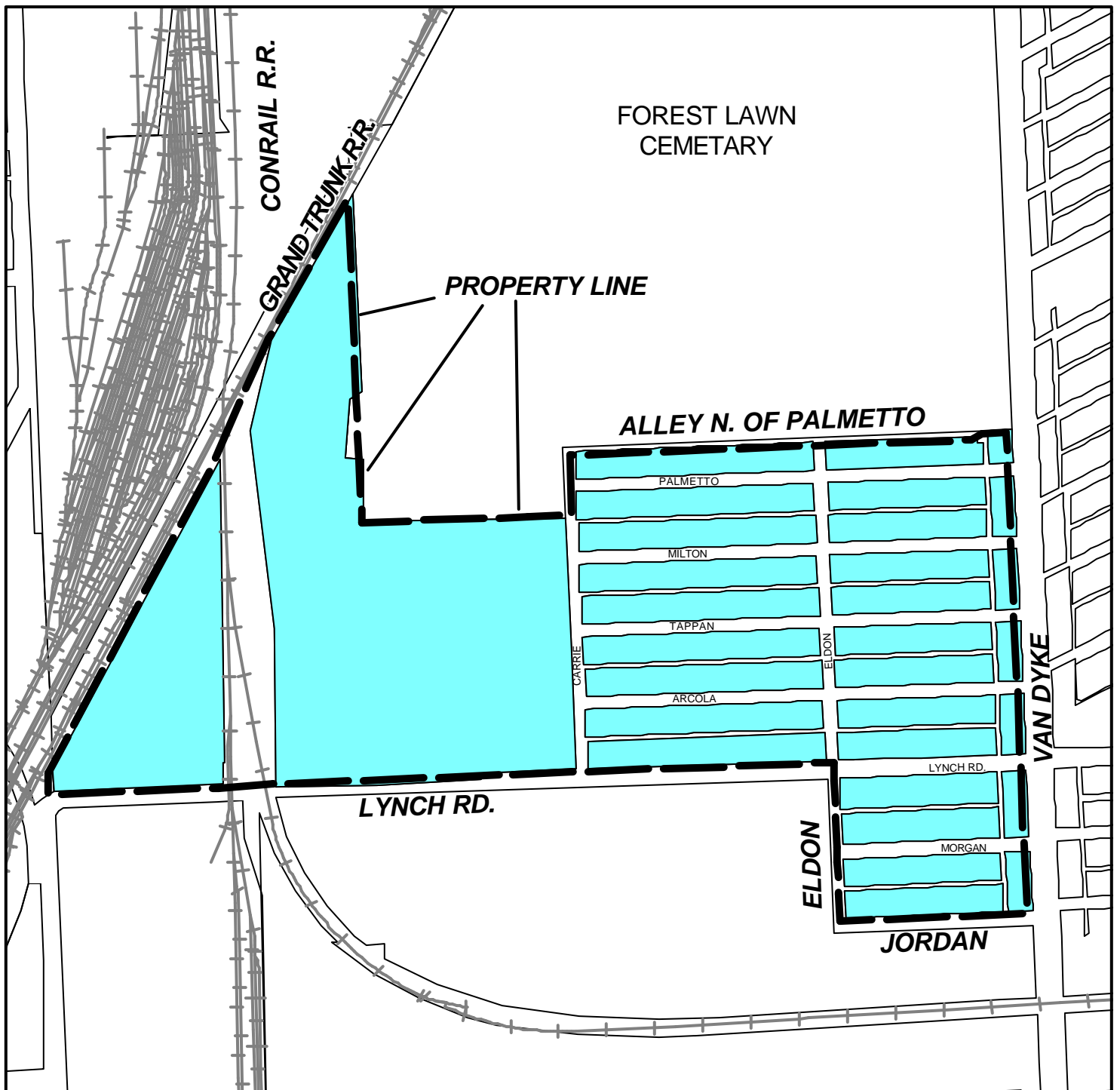
NextEnergy Renaissance Zone.

The Next Energy Center will locate within the Smart Zone in a 40,000 square foot facility dedicated to supporting the alternative energy industry. The Next Energy Center has been designated as a Renaissance Zone by the Michigan Strategic Fund. The sub-zone boundaries are Woodward Ave to the east; Antoinette and Holden Streets to the south; M-10 to the west; and the Grand Trunk Western

Railroad railway located between Amsterdam Street and Baltimore Ave to the north. The State of Michigan is investing \$26 million in this project, including \$15 million for the construction of the facility, \$1 million in infrastructure improvements, \$5 million in leverage funding to attract new investment, and \$5 million for the development of a alternative energy microgrid, which is a state of the art system for generating and using new energy sources to power an entire building and its surrounding area.

Smart Zones

Smart Zones are designed to support/promote the growth of new high technology businesses. The City of Detroit has an authorized Smart Zone called the Woodward Tech Smart Zone Corridor. The Woodward Tech Corridor is a collaboration of the City of Detroit, Wayne State University, General Motors, Henry Ford Health System and others. The Smart Zone is located within the Wayne State Research and Tech Park area. Its boundaries are Euclid St. to the North; I-94 to the South; J.C. Lodge freeway (M10) to the West and the Fisher freeway (I-75) to the East

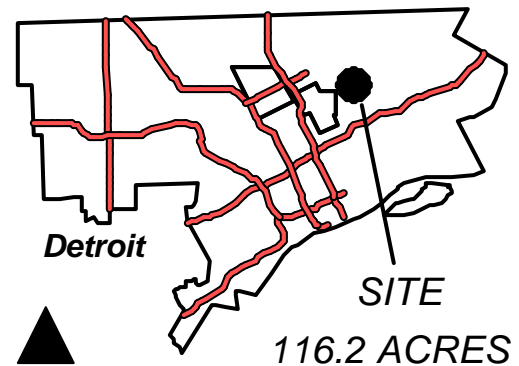


City of Detroit
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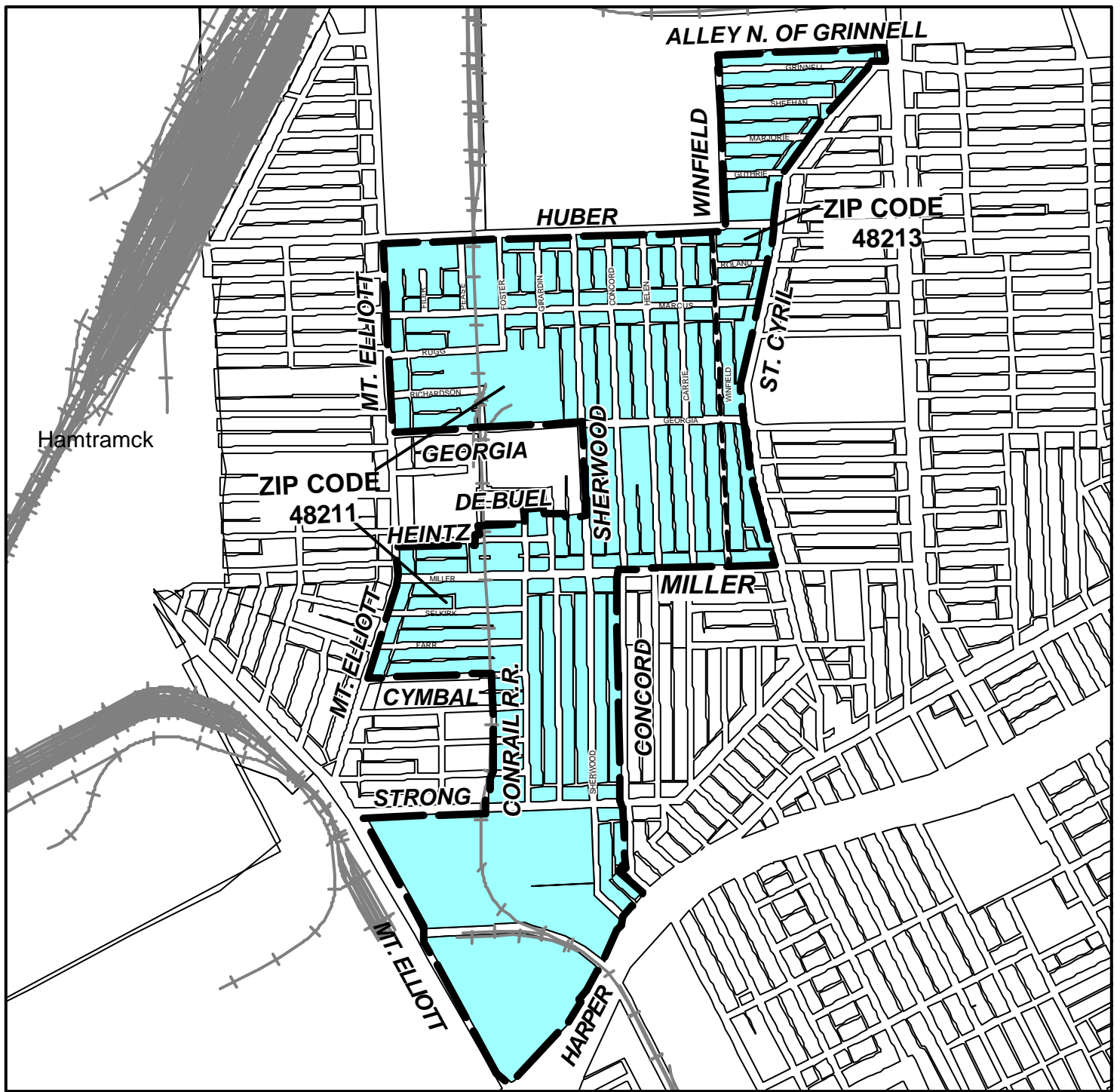
RENAISSANCE ZONE - LYNCH ROAD

ZONE BOUNDARIES
and SITE LOCATION

All locations - ZIP CODE 48234



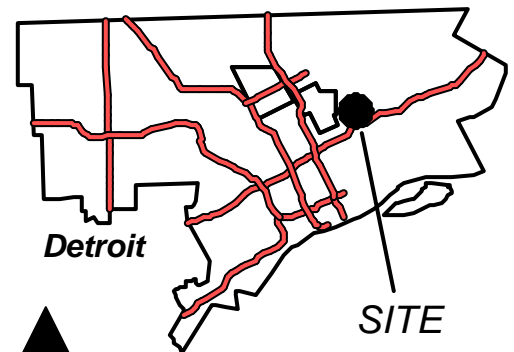
116.2 ACRES



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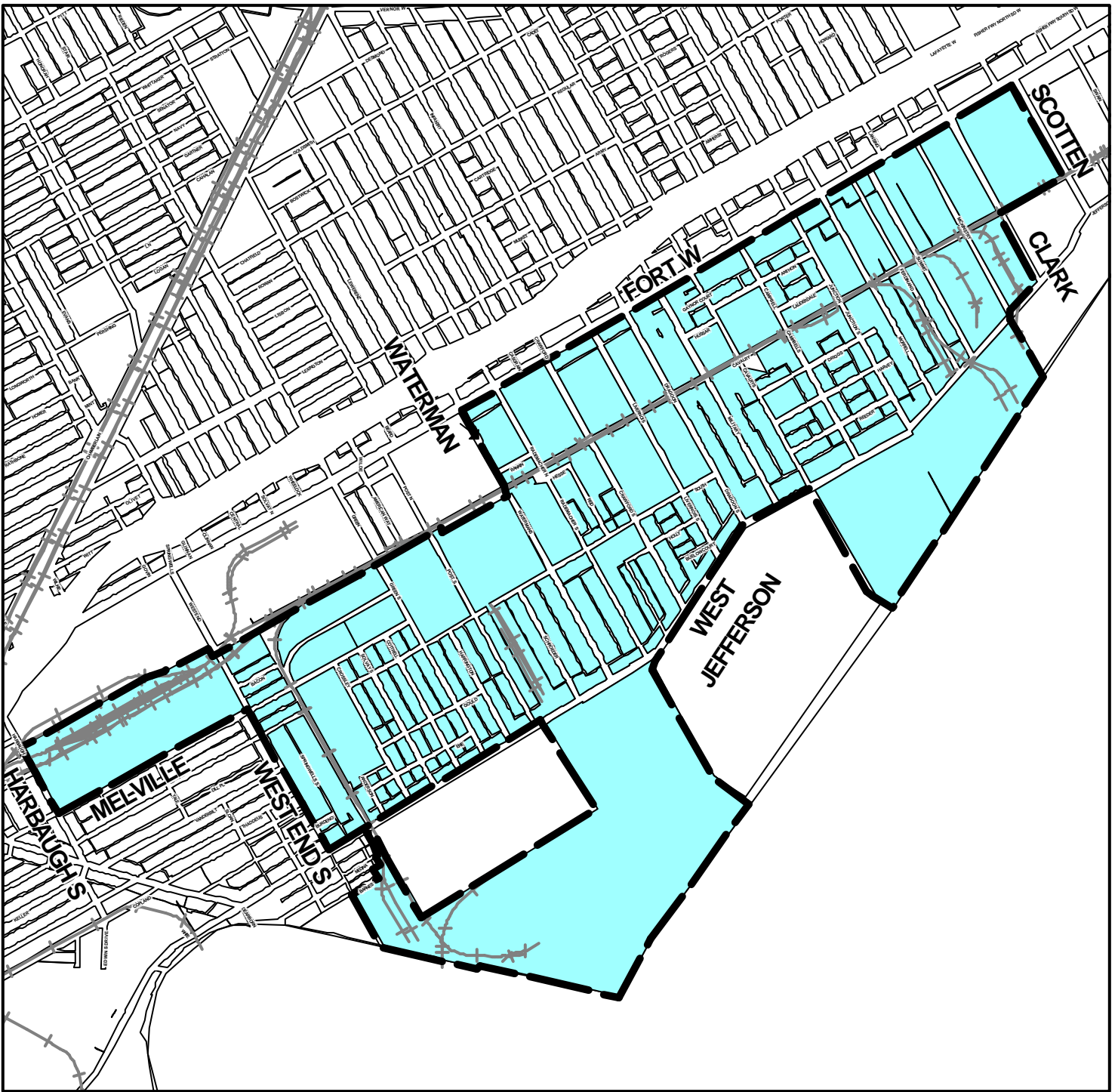
RENAISSANCE ZONE - I-94 INDUSTRIAL PARK

ZONE BOUNDARIES
and SITE LOCATION



North

SITE
289.6 ACRES

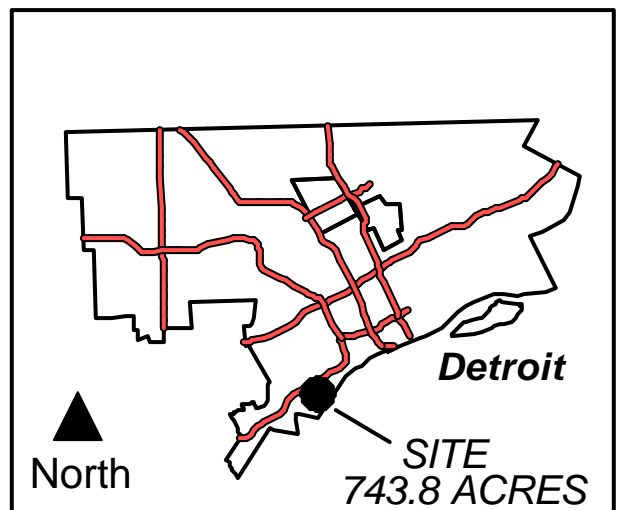


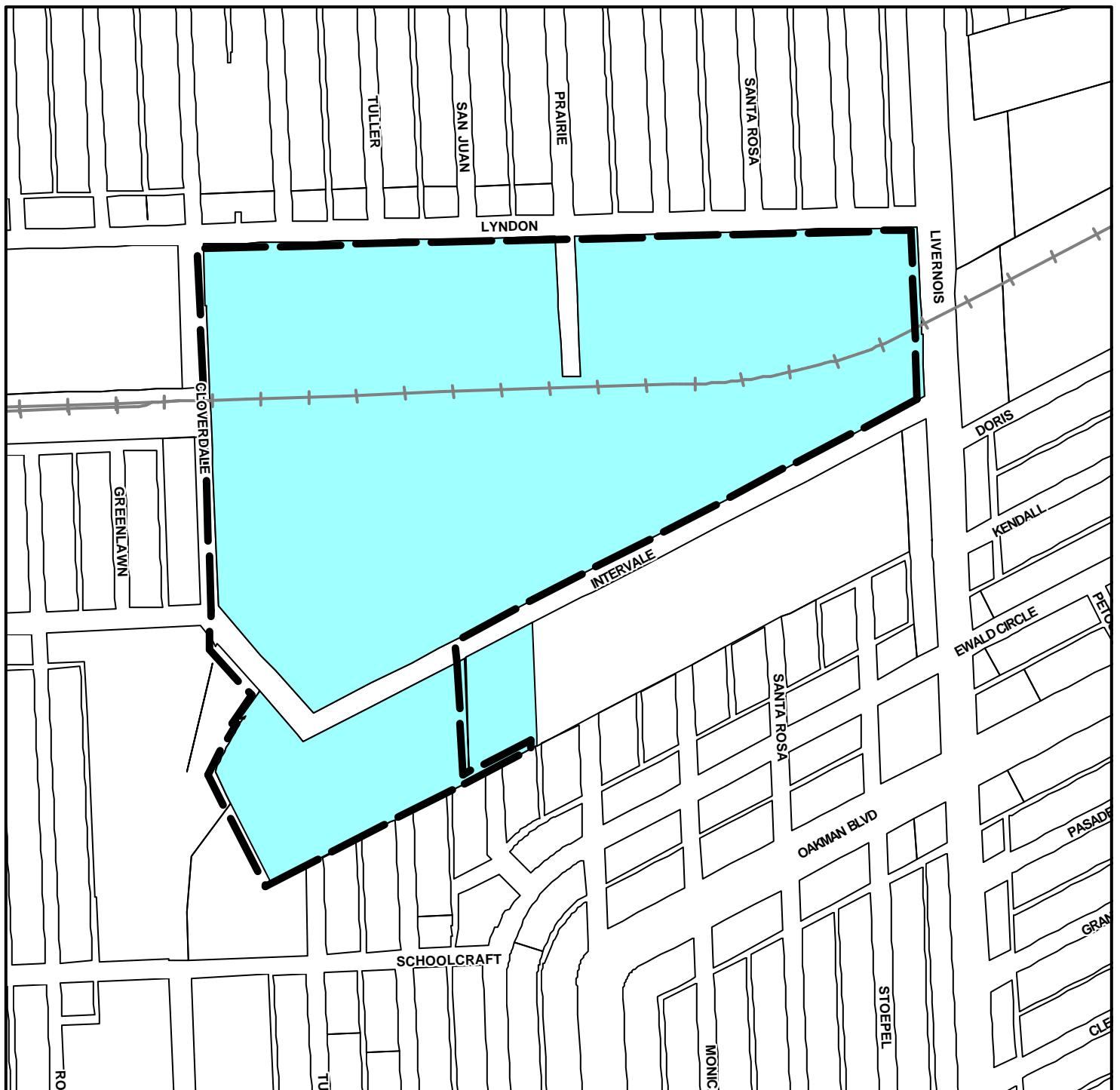
City of Detroit
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RENAISSANCE ZONE - SOUTHWEST/DELRAY

ZONE BOUNDARIES
and SITE LOCATION

All locations - ZIP CODE 48209



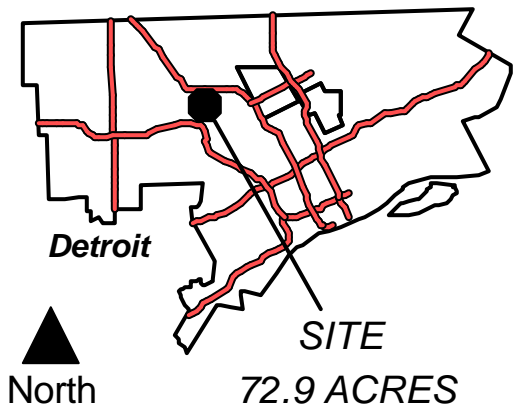


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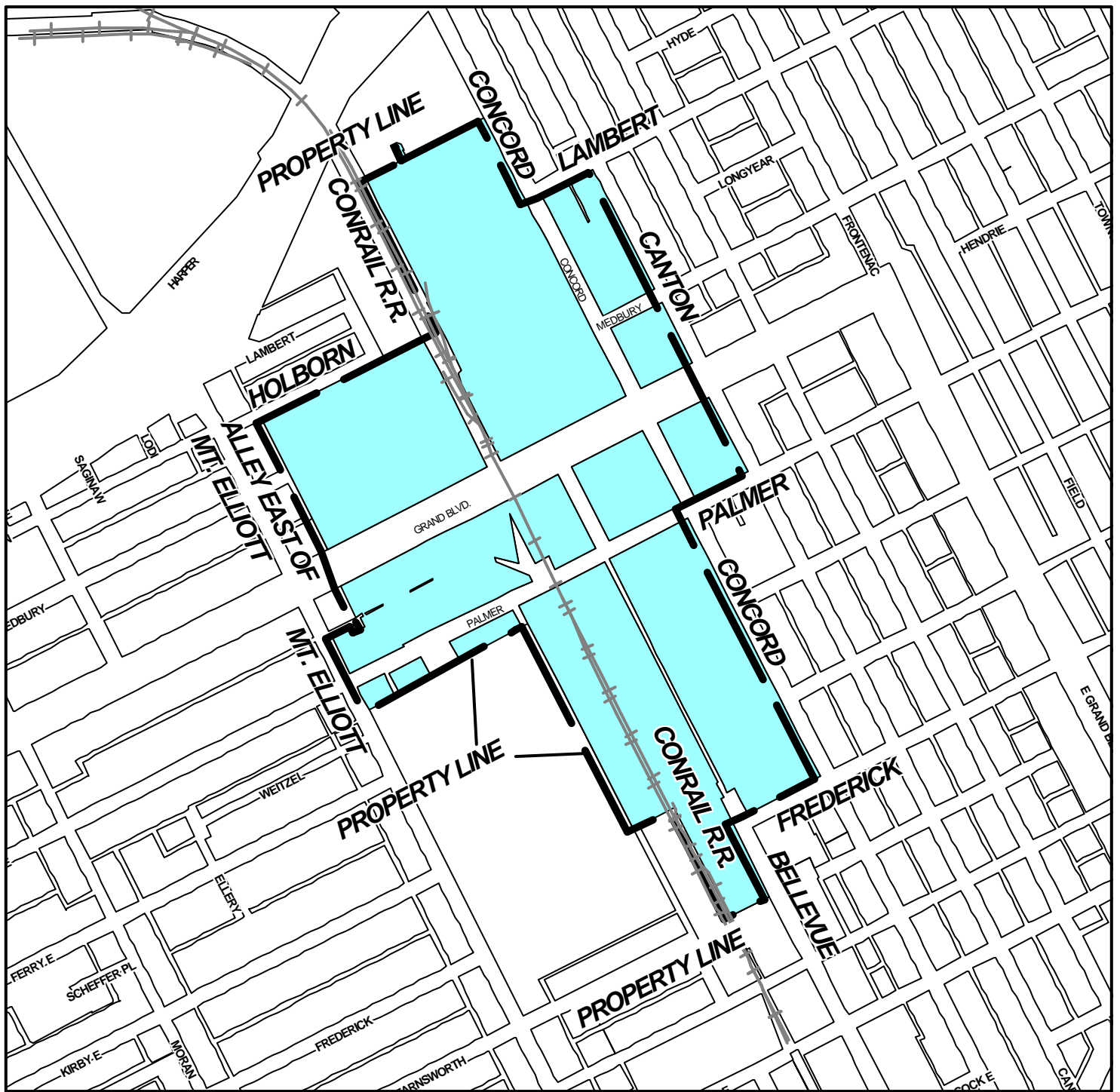
RENAISSANCE ZONE - LIVERNOIS/INTERVALE

ZONE BOUNDARIES
and SITE LOCATION

All locations - ZIP CODE 48238



SITE
72.9 ACRES



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Planning & Development Department

RENAISSANCE ZONE - OLD PACKARD

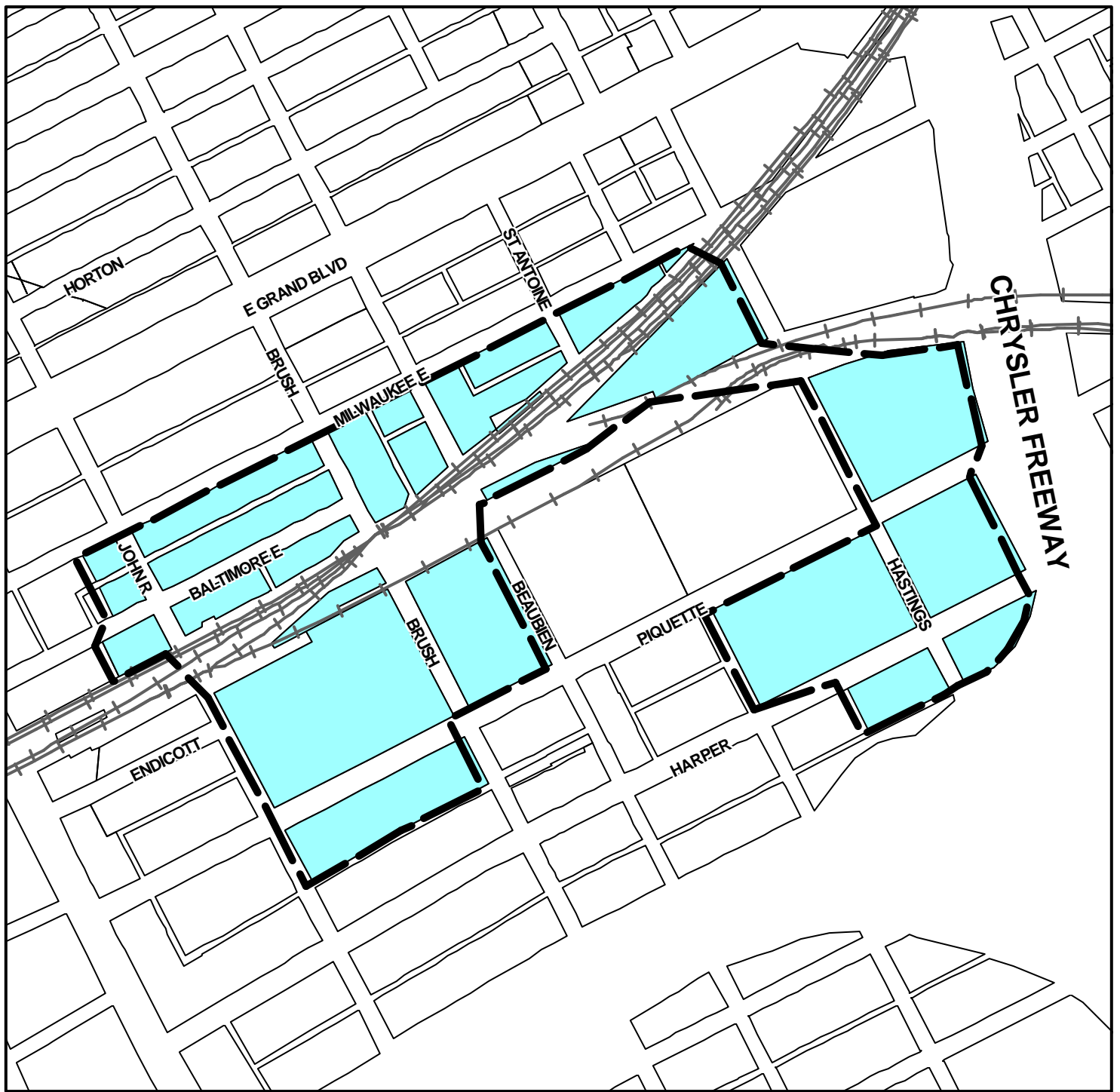
ZONE BOUNDARIES
and SITE LOCATION

All locations - ZIP CODE 48211



North

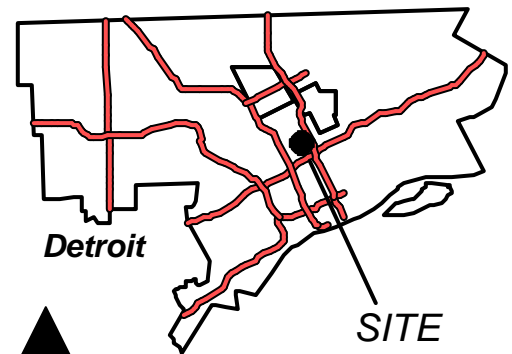
71.4 ACRES



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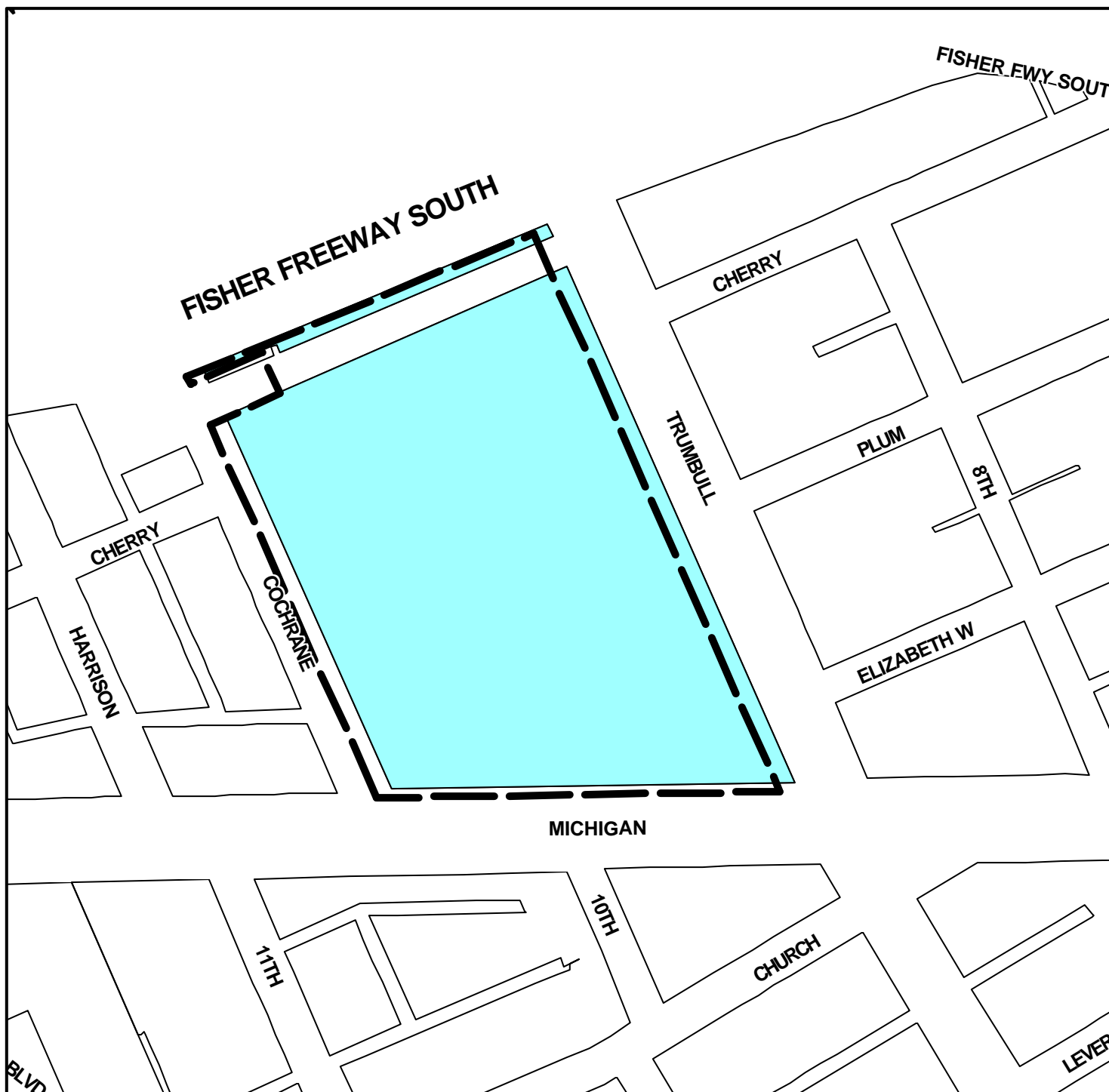
RENAISSANCE ZONE - CENTRAL CITY

ZONE BOUNDARIES
and SITE LOCATION



North

67.8 ACRES

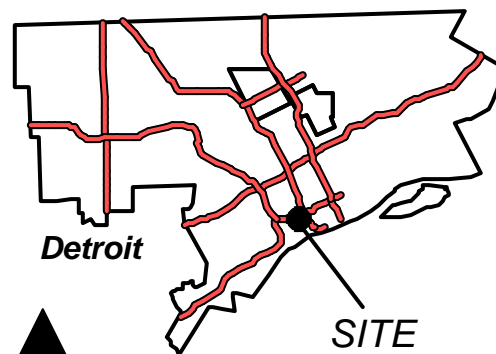


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RENAISSANCE ZONE - HISTORIC TIGER STADIUM

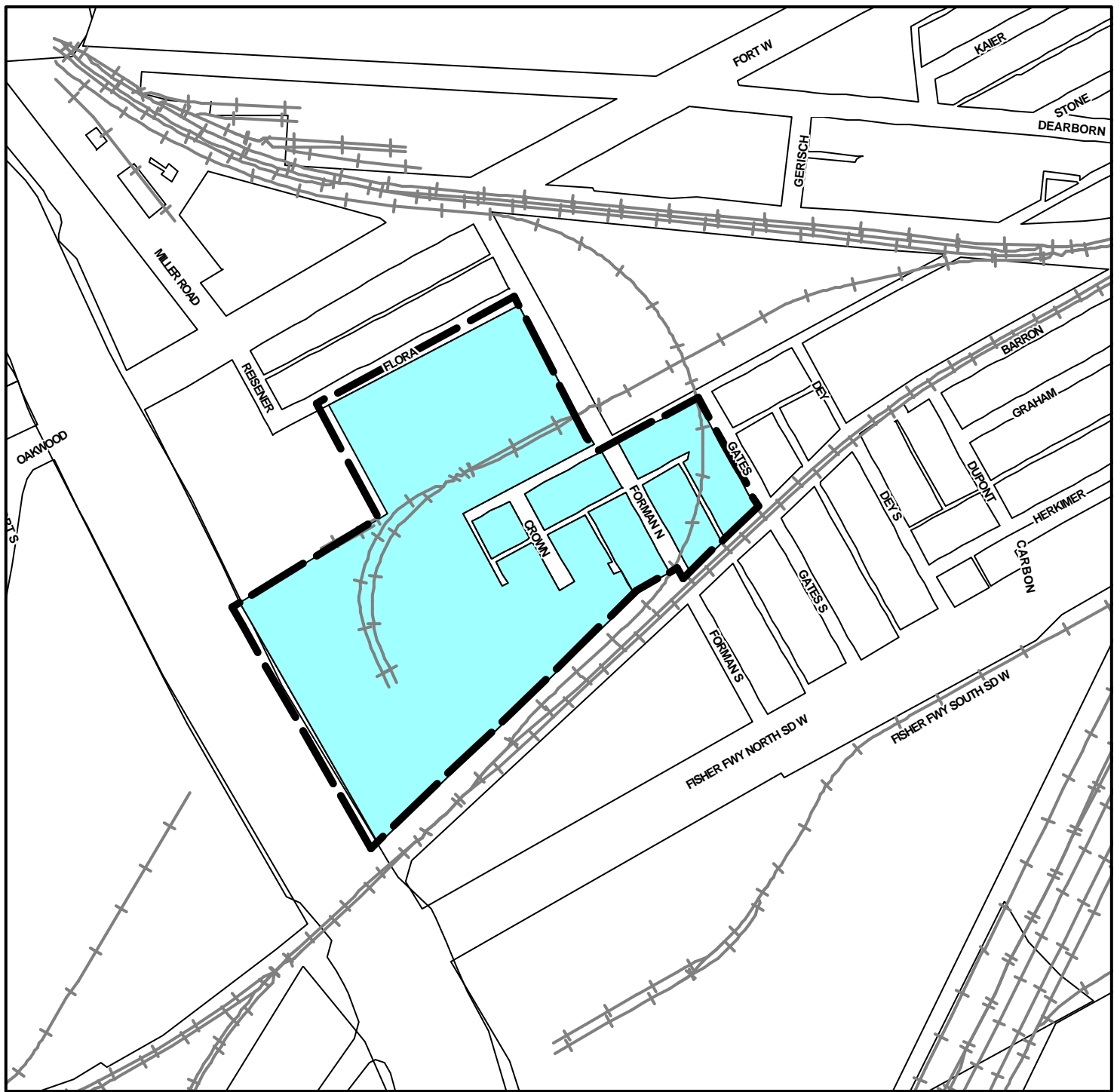
ZONE BOUNDARIES
and SITE LOCATION

ZIP CODE - 48216



North

8.73 ACRES



City of Detroit
Planning & Development Department

RENAISSANCE ZONE - HARRIDON TERMINAL

ZONE BOUNDARIES
and SITE LOCATION

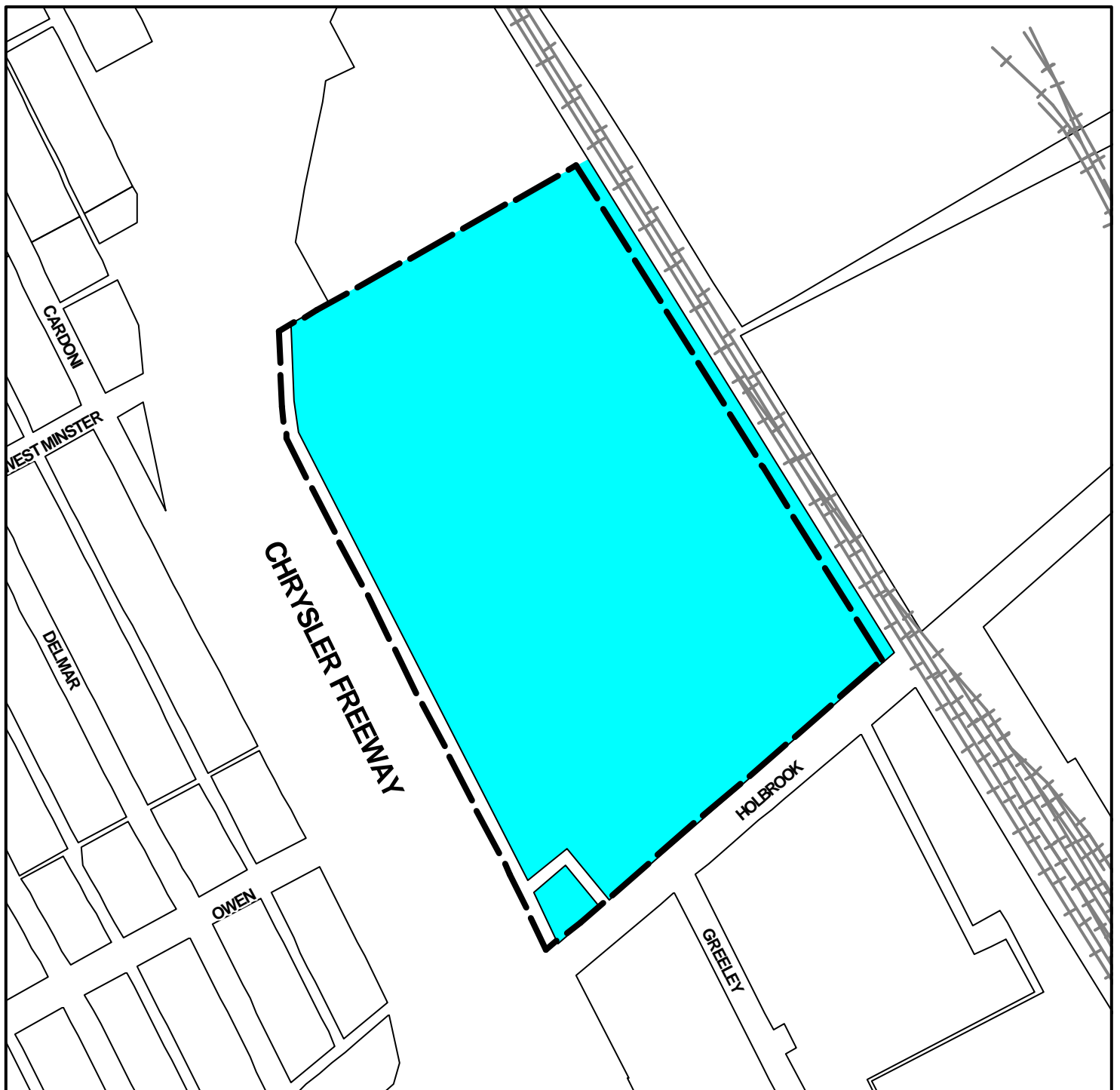
All locations - ZIP CODE 48209



North

SITE

23.1 ACRES

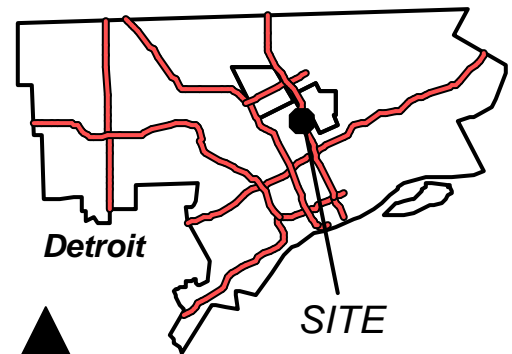


City of Detroit
Planning & Development Department

RENAISSANCE ZONE **- I-75**

ZONE BOUNDARIES
and SITE LOCATION

All locations - ZIP CODE 48211



North

116.2 ACRES

VEHICLE MANAGEMENT SYSTEM



VEHICLE MANAGEMENT SYSTEM

In fiscal year 2000-2001, the City in an effort to better manage its vehicle fleet implemented a vehicle management system. The vehicle management system addresses how the city purchases, maintains and replaces vehicles on a citywide basis. The system was implemented with the establishment of a steering committee to set and oversee the new citywide vehicle policy. The steering committee consists of members from the Mayor's Office, Budget and Finance, as well as, a newly created position of Fleet Manager. The operation of the new system was established in the Department of Public Works, in a unit with a Fleet Manager and three additional staff.

The financing of new vehicles was addressed through lease purchasing in an internal service fund. Lease financing has stabilize the vehicle replacement cycle by smoothing out the costs associated with this \$280 million asset. To begin the process, \$29.7 million was appropriated in the internal service fund in fiscal year 2001-02 for general fund vehicle purchases. For fiscal year 2002-03, \$35.5 million was appropriated. In 2003-04, \$30.5 million. In 2004-05, \$28.5 million.

Ultimately, these changes should produce optimum vehicle procurement through better-written/well defined specifications for new vehicles; better parts procurement and manufacturer follow-up for the existing fleet; and the reassignment of high mileage and high maintenance vehicles. The net effect will be a decrease in operating costs and out-of-service times for the fleet. This will lead to increasing the performance of every city service that relies on vehicles.

With this stability, operating costs could be better understood and attributed to the internal service fund, so that true program costs are accounted for.

Goals and Objectives of the Vehicle Management System

1. Improve quality of city services supported by the fleet (the "right" vehicle for each operation)
 - decrease vehicle out-of-service times
 - increase productivity of fleet operators
 - more timely and effective services to the public
2. Improve commitment to regular replacement
 - "smooth out" the costs of acquisition
 - build total operating costs into annual planning cycle
 - balance the ages and mileage levels of the fleet
3. Reduce costs for operating the fleet
 - describe and understand fleet operating costs
 - maximize preventive maintenance activities and reduce overall repair and maintenance costs
 - minimize vehicle purchase costs

Vehicle Management System Structure

Steering Committee
The committee is responsible for recommending the purchase and assignment of general fund vehicles, and communicates policies about vehicle acquisition and operation.

Fleet Manager

The operation of the vehicle management system is headed by the Fleet Manager, who implements all vehicle related policies. Also on staff is an accountant who maintains the internal service fund. An engineer who will be responsible for detailed work order and job specifications, and manufacturer follow-up on parts; and clerical support staff will be provided.

VEHICLE MANAGEMENT SYSTEM

Lease financing will improve the City's commitment to regular vehicle replacement, by annualizing total fleet costs into the annual budget cycle. The financing, through the issuance of bonds is subject to annual appropriation in the budget process. Titles to the vehicles and equipment will transfer to the City at the end of the lease; the process includes the necessary covenants of maintenance of value, insurance of vehicles, and replacement of damaged equipment. A master lease structure could also be used for future equipment acquisitions.

Accounting for fleet acquisitions is done in an **internal service fund**. This fund is intended to recognize and reduce costs for operating the fleet, through cost accounting – segregating vehicle acquisitions and the costs of repairs, so

that every city operation can eventually bear the full costs of a vehicle's operation. At present the fund recognizes only the costs of acquisition.

Future improvements should support improvements to the fleet performance, the replacement cycle, and fleet operating costs, including: acquisition of vehicle management software to provide a preventive maintenance system, detailed repair histories and tracking of operating costs; performance measurement of vehicle operations and service system; training in vehicle operator instruction, operating procedures and risk management. A fuel tracking system is coming on-line in fiscal year 2004-05 to begin this process.

VEHICLE MANAGEMENT SYSTEM

Vehicle Management System: Purchase Schedule

Based on a five-year assessment of agency vehicle needs, the Steering Committee has developed a yearly budget of new vehicle acquisition and replacements.

Fiscal Year 2001-02 Vehicle Purchases- Budget

AGENCY	VEHICLE TYPE	NUMBER OF UNITS
City Clerk	Van	1
Consumer Affairs	Van	1
DPW	Maintenance-Heavy Duty	49
	Pick-up Truck /Vans	53
	Cars: general assigned/executive	<u>159</u>
	Total	261
Election Commission	Truck	1
Fire	Ambulance	18
	Fire Specialty- Pumper	6
	Fire Specialty-Ladder	9
	Fire Specialty-Aerial	1
	Fire Specialty- Various	11
	Van	<u>6</u>
	Total	51
Health	Cargo Truck	1
	Pick-up Truck	1
	Van	<u>4</u>
	Total	6
Historical	Truck	1
Human Resources	Van	1
Municipal Parking	Maintenance	1
	Pick-up Truck	3
	Van	<u>2</u>
	Total	6
Public Lighting	Step Van	3
	Pick-up Truck	2
	Maintenance-Heavy Duty	<u>6</u>
	Total	11
Police	General assigned cars	30
	Motorcycles/Scooters	114
	Other vehicle-equipment	50
	Pick-up Truck/SUV	10
	Scout car	61
	Van	<u>10</u>
	Total	275

VEHICLE MANAGEMENT SYSTEM

AGENCY	VEHICLE TYPE	NUMBER OF UNITS
Recreation	Maintenance	34
	Other	2
	Pick-up Truck	11
	Van	<u>4</u>
	Total	51
Zoo	Maintenance	2
	Pick-up Truck	2
	Van	<u>2</u>
	Total	6
GRAND TOTAL		672

Fiscal Year 2002-03 Vehicle Purchases- Budget

AGENCY	VEHICLE TYPE	NUMBER OF UNITS
Airport	Maintenance-Heavy Duty	11
	Police Cars	<u>2</u>
	Total	13
DPW	Maintenance-Heavy Duty	93
	Pick-up Truck/Vans	19
	General assigned cars	<u>100</u>
	Total	212
Election Commission	Van	2
Fire	Ambulance	16
	Fire Specialty- Pumper	6
	Fire Specialty-Ladder	1
	Fire Specialty-Ariel	1
	Cars	16
	Mobile Fire Safety House	1
	Cargo Van	<u>1</u>
Total		42
Health	Pick-up Truck	1
	Van	<u>4</u>
	Total	5
Municipal Parking	Cars	30
	Van	<u>2</u>
	Total	32
Public Lighting	Pick-up Truck	8
	Maintenance-Heavy Duty	<u>12</u>
	Total	20

VEHICLE MANAGEMENT SYSTEM

AGENCY	VEHICLE TYPE	NUMBER OF UNITS
Police	General assigned cars	85
	Scout car	60
	Van	<u>17</u>
	Total	162
Recreation	Maintenance-Heavy Duty	177
	Pick-up Truck	35
	Van	<u>27</u>
	Total	239
Zoo	Maintenance-Heavy Duty	6
	Pick-up Truck	3
	Van	<u>1</u>
	Total	10
GRAND TOTAL		737

Fiscal Year 2003-04 Vehicle Purchases- Budget

AGENCY	VEHICLE TYPE	NUMBER OF UNITS
DPW	Van	12
	Truck	45
	Other Specialties	22
	Pickup Truck	<u>3</u>
	Total	82
Fire	Other Specialties	20
	Truck	3
	Van	6
	Fire Specialties	27
	Pickup Truck	<u>1</u>
Total		57
Health	Van	17
	Truck	3
	Wagon	<u>1</u>
	Total	21
Municipal Parking	Other Specialties	<u>27</u>
	Total	27
Public Lighting	Truck	12
	Van	14
	Other Specialties	3
	Trailer	<u>1</u>
	Total	30
Police	Van	23
	Executive	15
	General Assigned	86
	Police Specialty	100

VEHICLE MANAGEMENT SYSTEM

AGENCY	VEHICLE TYPE	NUMBER OF UNITS
Police (continued)	SUV/4WD	41
	Pickup Truck	4
	Trailer	<u>1</u>
		270
Human Resources	Van	<u>1</u>
		1
Recreation	Pickup Truck	5
	Other Specialties	50
	Truck	30
	Trailer	8
	Van	<u>1</u>
		94
Zoo	Van	1
	Pick-up Truck	1
	Truck	3
	Other Specialties	<u>5</u>
		10
	GRAND TOTAL	592